Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

# Message Text

UNCLASSIFIED

PAGE 01 STATE 248349

62
ORIGIN COME-00

INFO OCT-01 EUR-12 ISO-00 EB-06 AGR-10 CIAE-00 INR-07

NSAE-00 RSC-01 USIA-15 /052 R

66611
DRAFTED BY: COM/BIC/OIM/214/WRIGHT:MBI
APPROVED BY: EB/OCA/REP:BEBYRON
BIC/OIM/214/BASSETT
EB/OCA/BR:RASWART
---------- 069171
R 112204Z NOV 74
FM SECSTATE WASHDC
TO AMEMBASSY STOCKHOLM

UNCLAS STATE 248349

E.O. 11652: NA
TAGS: BEXP, BFOL, SW
SUBJECT: GLOBAL MARKET RESEARCH: FOOD PROCESSING
AND PACKAGING EQUIPMENT AV SWEDEN

REFS: A. STATE A1665
B. STATE 185771
C. STOCKHOLM A-324
D. TELCON KACHMAR - WRIGHT, OCT 30, 1974

1. CONTRACTOR'S ESTIMATES OF FOOD PACKAGING EQUIPMENT SALES
TABLES 1 AND 3 OF SUBJECT REPORT) AND PROJECTIONS OF
FOOD PACKAGING EQUIPMENT IMPORTS (TABLE 6, REVISED PER
REF D) ARE STILL IN QUESTION FOR REASONS GIVEN IN
ANALYSIS A. BELOW. IN ADDITION, A COMPARISON OF
CONTRACTOR'S REVISED IMPORT PROJECTIONS (AS PER REF. D) FOR
FOOD PACKAGING EQUIPMENT WITH MARKET SIZE PROJECTIONS AND THE
ESTIMATED SHARE OF THE MARKET SUPPLIED BY DOMESTIC PRODUCTION
REVEALS THAT A SIGNIFICANT AMOUNT OF FOOD PACKAGING
EQUIPMENT IMPORTS ARE APPARENTLY REEXPORTED; A COMPARISON OF
FOOD PROCESSING EQUIPMENT FIGURES ALSO INDICATES THE SAME
PATTERN OF REEXPORT ACTIVITY. THESE COMPARISONS ARE GIVEN IN
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 248349

ANALYSIS B. BELOW.

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

2. ACTION REQUESTED

TRANSMIT COPY ANALYSES A AND B TO ANDREW KEARNIG AND ASSOCIATES SOONEST. REQUEST THAT CONTRACTOR: (A) COMMENT ON THE VALIDITY OF COMMERCE REVISIONS OF FOOD PACKAGING EQUIPMENT FIGURES IN TABLES 1, 3 AND 6 GIVEN IN ANALYSIS A; IF CONTRACTOR AGAIN CONFIRMS THE VALIDITY OF FIGURES GIVEN IN HIS REPORT OR FURTHER MODIFIES COMMERCE REVISIONS, HE MUST PROVIDE A FULL EXPLANATION OF THE METHOD USED IN MAKING HIS ESTIMATES IN ACCORDANCE WITH SECTION 3.21.06 OF MARKET RESEARCH SPECIFICATIONS; (B) PROVIDE SUFFICIENT INFORMATION ON THE REASONS FOR THE SIGNIFICANT REEXPORT ACTIVITY SHOWN IN ANALYSIS B, AGAIN IN ACCORDANCE WITH SECTION 3.21.06 OF RESEARCH SPECIFICATIONS.

3. ANALYSIS A

ESTIMATED SALES AND PROJECTED IMPORTS OF FOOD PACKAGING EQUIPMENT ARE CONSIDERED TO BE SIGNIFICANTLY UNDERESTIMATED FOR THE FOLLOWING REASONS:

1) THE RATIO OF FOOD PROCESSING EQUIPMENT SALES TO FOOD PACKAGING EQUIPMENT SALES IS MORE THAN TEN-TO-ONE IN THE SWEDISH RESEARCH REPORT. THE RATIO VARIES FROM ONLY THREE-TO-ONE TO FIVE-TO-ONE IN ALL OTHER COUNTRIES SURVEYED.

2) CONTRACTOR'S STATEMENT THAT MUCH OF THE EQUIPMENT REPORTED UNDER SITC HEADINGS 719.31, 719.62, AND 719.63 IS NOT PACKAGING EQUIPMENT CONSIDERED VALID. HOWEVER, BREAKDOWN OF PROPORTIONS OF PACKAGING EQUIPMENT SALES ACCOUNTED FOR BY FOOD PACKAGING EQUIPMENT IN THE THREE SITC CATEGORIES, GIVEN BY CONTRACTOR IN REF. C., PUZZLING. WHEN APPLIED TO PUBLISHED 1971 DATA GIVEN IN "INDUSTRI PART 2, STATISTISKA CENTRALBYRAN, STOCKHOLM 1973", THESE PROPORTIONS YIELD TOTAL 1971 SALES VALUED AT 164,858 THOUSAND SWEDISH KRONOR, VERSUS 1972 SALES OF 46,000 THOUSAND SWEDISH KRONOR GIVEN IN REPORT.
UNCLASSIFIED

UNCLASSIFIED



EVEN IF CONTRACTOR USED THESE PERCENTAGES TO DERIVE PACKAGING EQUIPMENT DATA RATHER THAN FOOD PROCESSING EQUIPMENT DATA, AND THEREFORE A FURTHER FIFTY PERCENT MUST BE TAKEN OF THE 164,858 TKR TOTAL, 1971 SALES STILL WOULD BE NEARLY DOUBLE 1972 SALES (FIFTY PERCENT OF 164,858 YIELDS 82,429 TKR IN 1971 VERSUS 46,000 TKR IN 1972).

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

3) COMMERCE ANALYSIS OF 1971-73 IMPORT AND EXPORT DATA GIVEN IN "UTRIKESHANDEL," WHICH IS BROKEN DOWN INTO SEVERAL SUBHEADINGS UNDER EACH OF THE THREE SITC HEADINGS, INDICATES THAT FOOD PACKAGING EQUIPMENT MOST LIKELY ACCOUNTS FOR:

10 PERCENT OF EQUIPMENT FALLING UNDER SITC 719.31 (BTN 84.22)

42.5 PERCENT OF SITC 719.62 (BTN. 84.19)
NOTE: AN ESTIMATED 15 PERCENT OF THIS CATEGORY COMPRISES DISHWASHING MACHINES AND PARTS; THE REMAINING 85 PERCENT COMPRISES PACKAGING EQUIPMENT.

6 PERCENT OF SITC 719.63 (BTN 84.20)

WE HAVE APPLIED THESE REVISED PERCENTAGES TO THE PUBLISHED 1971 MARKET SIZE DATA AND 1973 IMPORT DATA AND HAVE DERIVED THE FOLLOWING REVISIONS OF PACKAGING EQUIPMENT FIGURES IN TABLES 1, 3 AND 6 AS FOLLOWS:

TABLE 1.--BY APPLYING THE REVISED PERCENTAGES TO 1971 MARKET SIZE DATA GIVEN IN "INDUSTRI, PART 2" (PRODUCTION PLUS IMPORTS MINUS EXPORTS), WE ARRIVE AT 1971 FOOD PACKAGING EQUIPMENT SALES OF 137,552 THOUSAND SWEDISH KRONOR. BY APPLYING THE SAME GROWTH RATES USED BY CONTRACTOR IN TABLE 1 OF RESEARCH REPORT, COMMERCE HAS DERIVED REVISED FIGURES (IN THOUSANDS OF SWEDISH KRONOR) FOR FOOD PACKAGING EQUIPMENT SALES AS FOLLOWS: 147,000 (1972); 137,600 (1973); 137,600 (1974); 144,000 (1975); 160,000 (1978).

UNCLASSIFIED

UNCLASSIFIED



TABLE 3. - USING THE ABOVE REVISED MARKET FIGURES, AND APPLYING THE SAME RATIOS USED BY CONTRACTOR IN TABLE 3 OF RESEARCH REPORT, COMMERCE HAS REVISED TABLE 3 FIGURES AS FOLLOWS:

(IN THOUSANDS OF SWEDISH KRONOR)

| | 1973 | 1974 | 1978 |
|---|---|---|---|
| FORMING, FILLING, SEALING, ETC. | 20,640 | 20,640 | 24,000 |
| WRAPPING, PACKING, ETC. | 61,920 | 61,920 | 72,000 |
| MARKING, INSPECTING, ETC. | 20,640 | 20,640 | 24,000 |

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

CONTAINER/PRODUCT/PACKAGE, ETC. 34,400 34,400 40,000

TOTAL 137,600 137,600 160,000

TABLE 6 - BY APPLYING REVISED PERCENTAGES TO
1973 IMPORT DATA GIVEN IN "UTRIKESHANDEL," WE ARRIVE
AT 1973 FOOD PACKAGING EQUIPMENT IMPORTS OF 82,125 THOUSAND
SWEDISH KRONOR, OR 19,554 THOUSAND
U.S. DOLLARS. ALLOWING NO GROWTH IN 1974 IMPORTS FROM THE
1973 LEVEL (SINCE THE MARKET DOES NOT GROW IN 1974), AND
USING THE SAME GROWTH RATE APPLIED BY CONTRACTOR FOR HIS
REVISED TABLE 6 FIGURES OF DOLS 13,500 THOUSAND IN 1974 AND
DOLS 14,000 THOUSAND IN 1978 PER REF. D., COMMERCE
HAS DERIVED REVISED FIGURES (IN THOUSANDS OF U.S. DOLLARS)
FOR FOOD PACKAGING EQUIPMENT IMPORTS
AS FOLLOWS: 19,550 (1974) AND 20,300 (1978).

4. ANALYSIS B

(IN THOUSANDS OF SWEDISH KRONOR)

1974 1978

FOOD PROCESSING EQUIPMENT MARKET: 585,000 650,000
OF WHICH 75 PERCENT IS SATISFIED BY
UNCLASSIFIED

UNCLASSIFIED



DOMESTIC PRODUCTION (P. 30 OF
RESEARCH): 438,750 487,500

REMAINING 25 PERCENT IS SATISFIED BY
IMPORTS: 146,250 162,500

TOTAL IMPORT PROJECTIONS: 399,000 462,000
(I.E., REEXPORTS AS PERCENT OF
TOTAL IMPORTS): (63 PERCENT) (65 PCNT)

FOOD PACKAGING EQUIPMENT MARKET: 43,000 50,000
OF WHICH 70 PERCENT IS SATISFIED BY
DOMESTIC PRODUCTIO (P. 31 OF
RESEARCH, REVISED): 30,100 35,000

REMAINING 30 PERCENT IS SATISFIED BY
IMPORTS: 12,900 15,000

TOTAL IMPORT PROJECTIONS: 56,700 58,800

(I.E. REEXPORTS AS PERCENT OF
TOTAL IMPORTS): (77 PERCENT)(74 PERCENT)

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

COMMERCE-REVISED FOOD PACKAGING EQUIP-
MENT MARKET: 137,600 160,000
OF WHICH 70 PERCENT IS SATISFIED BY
DOMESTIC PRODUCTION: 96,320 112,000

REMAINING 30 PERCENT IS SATISFIED
BY IMPORTS: 41,280 48,000

COMMERCE-REVISED TOTAL IMPORT
PROJECTIONS: 82,110 85,260

(I.E., REEXPORTS AS PERCENT OF
TOTAL IMPORTS: (50 PERCENT)(44 PERCENT)
KISSINGER

UNCLASSIFIED

NNN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

# Message Attributes

**Automatic Decaptioning:** X
**Capture Date:** 01 JAN 1994
**Channel Indicators:** n/a
**Current Classification:** UNCLASSIFIED
**Concepts:** n/a
**Control Number:** n/a
**Copy:** SINGLE
**Draft Date:** 11 NOV 1974
**Decaption Date:** 01 JAN 1960
**Decaption Note:**
**Disposition Action:** n/a
**Disposition Approved on Date:**
**Disposition Authority:** n/a
**Disposition Case Number:** n/a
**Disposition Comment:**
**Disposition Date:** 01 JAN 1960
**Disposition Event:**
**Disposition History:** n/a
**Disposition Reason:**
**Disposition Remarks:**
**Document Number:** 1974STATE248349
**Document Source:** CORE
**Document Unique ID:** 00
**Drafter:** COM/BIC/OIM/214/WRIGHT:MBI
**Enclosure:** n/a
**Executive Order:** N/A
**Errors:** N/A
**Film Number:** D740325-0252
**From:** STATE
**Handling Restrictions:** n/a
**Image Path:**
**ISecure:** 1
**Legacy Key:** link1974/newtext/t19741153/aaaabsru.tel
**Line Count:** 238
**Locator:** TEXT ON-LINE, ON MICROFILM
**Office:** ORIGIN COME
**Original Classification:** UNCLASSIFIED
**Original Handling Restrictions:** n/a
**Original Previous Classification:** n/a
**Original Previous Handling Restrictions:** n/a
**Page Count:** 5
**Previous Channel Indicators:** n/a
**Previous Classification:** n/a
**Previous Handling Restrictions:** n/a
**Reference:** A. STATE A1665
**Review Action:** RELEASED, APPROVED
**Review Authority:** golinofr
**Review Comment:** n/a
**Review Content Flags:**
**Review Date:** 13 NOV 2002
**Review Event:**
**Review Exemptions:** n/a
**Review History:** RELEASED <13 NOV 2002 by ThomasVJ>; APPROVED <22-Nov-2002 by golinofr>
**Review Markings:**

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

**Review Media Identifier:**
**Review Referrals:** n/a
**Review Release Date:** n/a
**Review Release Event:** n/a
**Review Transfer Date:**
**Review Withdrawn Fields:** n/a
**Secure:** OPEN
**Status:** NATIVE
**Subject:** GLOBAL MARKET RESEARCH: FOOD PROCESSING AND PACKAGING EQUIPMENT AV SWEDEN
**TAGS:** BEXP, BFOL, SW
**To:** STOCKHOLM
**Type:** TE
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005